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April 5, 1996

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

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Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, DC 20554

Re: Emergency Petition for Immediate Withdrawal of Paging Freeze  
WT Docket No. 96-18; PP Docket No. 93-253

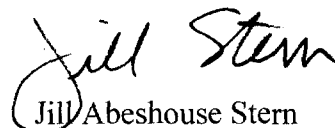
Dear Mr. Caton:

On behalf of the Coalition for a Competitive Paging Industry, I am submitting herewith a letter from Vincent P. Griffin, Vice President, Media Communications Group, Signet Bank, with respect to the above-referenced proceeding.

Mr. Griffin addresses the Commission's secondary licensing proposal from the standpoint of a commercial lender with previous experience in financing paging transactions. On the basis of his financial expertise and knowledge of the paging industry, Mr. Griffin concludes that secondary licensing "would bring a different level of risk to a loan transaction involving the paging industry that could deter the lending community from financing development of such sites."

The enclosed letter corroborates views previously expressed by U.S. Representatives Bliley and Dingell in their joint April 2, 1996 letter to Chairman Hundt, and by the Coalition in its filings, that a secondary licensing approach will not provide any meaningful relief to incumbent licensees if the freeze remains in place.

Sincerely,

  
Jill Abeshouse Stern

Counsel to the Coalition for a  
Competitive Paging Industry

Enclosure

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**SHAW, PITTMAN, POTTS & TROWBRIDGE**

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cc: Chairman Reed Hundt  
Commissioner Ness  
Commissioner Chong  
Commissioner Quello  
Michele Farquhar  
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292485-01 / DOCSDC1

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**Vincent P Griffin**  
Vice President  
Media Communications Group

## ***SIGNET***

April 5, 1996

Mr. William Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

**Re: Notice of Proposed Rulemaking  
WT Docket No. 96-18; PP Docket No. 93-253**

Dear Mr. Caton:

This letter is submitted with respect to the Commission's decision, in the above-referenced Notice of Proposed Rulemaking (NPRM), to impose a freeze on acceptance and processing of applications by incumbent paging licensees during the pendency of the rulemaking and, possibly, beyond.

As a financial institution with knowledge of the paging industry, based upon our industry lending experience, we have been asked to provide our opinion about the Commission's "secondary licensing" proposal in the NPRM which would permit incumbent licensees to add additional transmitter sites at their own risk. For reasons discussed below, we believe that secondary licensing of new sites would bring a different level of risk to a loan transaction involving the paging industry that could deter the lending community from financing development of such sites.

As we understand the Commission's secondary licensing proposal, incumbent operators would be permitted to expand their existing service areas during the pendency of the rulemaking on a secondary basis. This means, as a practical matter, if an incumbent operator constructs a new transmitter site outside its service area, it assumes the risk that operation of the site may subsequently be curtailed if (i) the Commission transitions to a geographic licensing approach for paging licenses; and (ii) holds auctions for geographic licenses which encompass the incumbent's site. In such cases, incumbent operators would be required to protect these new geographic licenses from interference, the reverse of the current rules which require new paging licensees to protect incumbent facilities from interference.

Mr. William Caton  
April 5, 1996  
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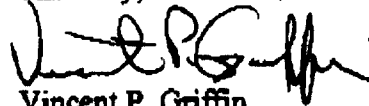
This scenario creates a substantial uncertainty for the incumbent who must assess the risk of whether a new geographic licensee will displace the incumbent after substantial money has been spent to develop a site and, if so, what effect the displacement may have on customers who are relying on the expanded footprint that the site provides. Assuming that the incumbent and its lender accept this risk, the incumbent is faced with the untenable prospect of losing the site or bidding for the geographic license merely to maintain the site, a prospect which puts the incumbent at the mercy of competitors who could potentially bid-up the price knowing that the incumbent must pay whatever is required to secure the site. One might also anticipate that such a situation could encourage competitors in the market (which could include providers of comparable services such as narrowband PCS) to seek a geographic license at auction merely to constrain expansion by incumbents.

From the standpoint of the financial community, these circumstances add a new level of risk to a debt transaction and raise the likelihood that funding of new "secondary" sites by outside lenders would be inhibited. In assessing the credit-worthiness of a particular paging project, the validity of the underlying license and the scope of the licensee's coverage area (on which subscriber revenue projections are based) are key factors in providing the lender with security that the debt will be paid. The Commission's secondary licensing proposal goes directly to these factors.

The Commission's proposal also challenges assumptions underlying industry loans made prior to the freeze which relied upon long-standing Commission rules and policies in the paging industry finding the public interest served by expansion of existing systems.

We hope the views expressed herein will be helpful to the Commission in its deliberations.

Sincerely,

A handwritten signature in dark ink, appearing to read "Vincent P. Griffin", is written over the typed name.

Vincent P. Griffin  
Vice President